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SIPDIS

STATE FOR AFR, EEB PASS TO MARISA PLOWEDEN (C), GARY CLEMENTS AND  
GEOFFREY SPENCER (EEB/TPP/ABT)  
DEPT PASS TO USAID AFR/AA, AFR/SD, DCHA/PPM  
USAID FOR DATWOOD AFR/SD, JHILL AFR/SD/EGEA, SBRADLEY OFDA  
FAS/USDA FOR KIM SVEC OFSO, PATRICIA SHEIKH OCB

E.O. 12958: N/A

TAGS: [ECON](#) [EAGR](#) [EFIN](#) [ETRD](#) [NI](#) [IZ](#)

SUBJECT: NIGERIA: PROGRESS REPORT ON THE GLOBAL FOOD SECURITY  
RESPONSE

SUBJECT: NIGERIA FOOD SECURITY PROGRAM

REF: STATE 124059

11. (U) SUMMARY: In response to President Obama's Global Hunger and Food Security Initiative and G-8 members pledge of \$20 billion for a worldwide initiative to address food security, the USG has prepared a two-year \$32.75 million FY 2010 Global Hunger and Food Security Initiative entitled, "The Agriculture Transformation Program (ATP) for Nigeria." The ATP is phase one of a four year Global Hunger and Food Security (GHFS) program. ATP expands USAID's FY 2009 Global Food Security Response Program and supports the Government of Nigeria (GON) to implement the Comprehensive African Agriculture Development Program (CAADP). END SUMMARY.

12. (U) The ATP's Goals and Key Results are:

INCREASE AGRICULTURE PRODUCTIVITY and incomes of 2,200,000 additional poor farmers achieve \$350 million sales (at least 35 percent women) by  
--Expanding market supply of essential foods by 900,000 tons per year;  
--Creating 250,000 new jobs;  
--Increasing yields of rice, sorghum, cowpeas, cassava, maize, and aquaculture by 50-75 percent;  
--Leveraging \$150 million public and private funds for agriculture.

REDUCE TRADE AND TRANSPORTATION BARRIERS by  
--Improving the trade policy environment;  
--Increasing trade along improved roads;  
--Improving trade corridor operations;  
--rehabilitating and/or building 1,200 kms of rural roads with other partners.

IMPROVE SOUND MARKET BASED PRINCIPLES by  
--Improving the GON policy environment and build capacity for agricultural development and trade in the framework of CAADP;  
--Training 1,000 GON officials in a USG private sector model;  
--Revising the agriculture strategy under CAADP;  
--Promoting data collection and analysis to support policy decisions.

ACCELERATE THE PARTICIPATION OF THE VERY POOR AND IMPROVE NUTRITION by  
--Developing a program to address the very poor;  
--Designing a nutrition program for two states.

13. (U) ATP will assist Nigeria to reach the Millennium Development Goal goals of a) Accelerating the GON's efforts to eradicate extreme poverty and hunger; b) Increasing agriculture-driven growth by 10 percent, leading to 30 percent higher incomes by 2013; and c) increasing the benefits to, and income of, women. It will also help

the GON to establish a sound enabling environment; develop a bankable CAADP investment plan; be able to implement a larger USG program; and allocate at least 10 percent of the federal budget to agriculture.

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COUNTRY-LED PLANNING  
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¶5. (U) ATP fully supports country-led plans for agriculture, supports strategic coordination within the USG, and fosters collaboration with partners such as the World Bank, AfDB, the UK Department for International Development (DFID), other donors, and regional organizations.

¶6. (U) The GON priorities are the 7 Point Agenda and Vision 20:2020, which includes a "Sustainable Agricultural Development and Market Access program." The Ministry of Agriculture and Water Resources' (MAWR) 5-Point Plan to improve agricultural investments are:  
--Reform of Agricultural Policy and Regulatory Systems;  
--Agriculture Commodity Exchange Market (ACCOMEX) to establish an agricultural commodity exchange market;  
--Raise Agricultural Income with Sustainable Environment (RAISE)  
Q--Raise Agricultural Income with Sustainable Environment (RAISE) commencing with 400 sites;  
--Maximize Agricultural Revenue in Key Enterprises to improve competitiveness of value-added products, leading to increased market share through private-sector led and market driven growth; and  
--Water, Aquaculture, and Environment Resource Management to intensify aquaculture.

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PARTNERSHIP PLAN AND COORDINATION  
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¶7. (U) The USG program will support GON linkages to the Global Donor Partnership for Agriculture Food Security and leverage GON, multilateral partners, and private sector resources. ATP will expand public-private partnerships, and collaborate closely with the GON's federal and state investments in agriculture. USAID collaborates with the Embassy Economic (ECON) section, Foreign Agriculture Service (FAS) Lagos, Foreign Commercial Service (FCS) Lagos, USAID West Africa, and Post's PEPFAR team. The US Department of Agriculture (USDA) will receive ATP funds for key programs in government-to-government capacity building in policy and institutional development. USAID will seek to expand the role of US federal agencies as appropriate. The U.S. Embassy ECON, FAS, and FCS will play a key role in policy dialogue on trade policy, including support for the Trade and Investment Framework Agreement. The U.S. Mission will underscore significant milestones in this food security program with high-profile or ceremonial public events, wherein the Ambassador or a senior designee will play a central role. The Embassy's Public Affairs Section will support such programs with appropriate publicity in coordination with USAID.

¶8. (U) USAID is coordinating the ATP design with the MAWR, Commerce and Industry (MCI), Transportation (MOT), and Finance (MOF, which oversees the National Customs Service). The USG team is aligning its program with the CAADP compact, and the new MAWR 5-Point Plan. USAID will support a CAADP secretariat to foster communication and coordination.

¶9. (U) USAID reactivated and is chairing the Agricultural Donor Working Group (ADWG) to increase policy dialogue with the GON, and foster collaboration. By agreeing to a single joint framework internationally (CAADP) and at the country level, partners will strengthen development effectiveness. Partners include the African Union New Economic Partnership for Africa's Development Nigeria, Food and Agriculture Organization, other U.N. institutions, and the European Union.

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CORE INVESTMENT AREAS  
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¶10. (U) ATP consists of four projects: 1) Increase Agricultural Productivity, 2) Reduce Trade and Transportation Barriers, 3) Improve Sound Market-Based Principles for Agriculture Growth, and 4)

## Accelerate the Participation of the Very Poor in Economic Activities.

### Increase Agricultural Productivity

¶11. (U) Increasing agricultural productivity will be achieved through investments in private sector value chain development, deployment of technology, significant expansion of the value-added agro-processing businesses, and expanded lending to agriculture by Nigerian banks and financial investors. Agro-processors are central to the value chain and sector development. Agro-processors guarantee farmers a market for their produce. Financial institutions are more willing to provide credit to farmers to purchase inputs when the farmers have a commercial relationship with an agro processor.

¶12. (U) ATP will assist 750,000 farmers to improve the quantity and quality of staple commodities (rice, sorghum, cowpea, cassava, maize, aquaculture, and sesame) in the market and substitute domestically grown produce for imported produce. ATP will expand on Qdomestically grown produce for imported produce. ATP will expand on the highly successful work through the USAID Maximizing Agriculture Revenues in Key Enterprises in Targeted Sites (MARKETS) Program, which doubled the income of nearly 350,000 participant farmers.

¶13. (U) Key sub components of this project include a) increase Access to Agricultural Inputs and Farm Equipment to improve private sector distribution, and formation of major seed and fertilizer alliances will increase the supply of quality seed, fertilizer, and other inputs to millions of small-holder farmers and stimulate productivity increases, b) expand Private Sector Agro-processing Capacity by assisting agribusinesses to expand and diversify their final product and supply chains, increase private sector business growth, and establish private sector and government standards for quality control and grading. ATP will cooperate with the Foreign Commercial Service to expand business-to-business linkages with U.S. companies.

¶15. (U) Additional key elements are: c) Improve Water Management and Natural Resources: ATP will rehabilitate several key irrigation systems, and train thousands of farmers in improved water in collaboration with the GON, the World Bank, and other donors, d) Improve Post-Harvest Storage of Cereals in which USDA will assist the GON to design and manage silos and warehouses to store surplus agriculture grains following harvest, based on private sector

management practices, e) Increase Access to Financing: ATP will ensure that women farmers and agro-processors gain greater access to finance. ATP will improve commercial banks' knowledge about agricultural investment opportunities, increase their use of existing loan guarantees, and assist banks to provide more information to borrowers about their financial instruments. The U.S. Embassy in partnership with the Bank of Industry is encouraging increased lending by private Nigerian banks to the agricultural sector and will work with USG institutions to expand this partnership.

¶18. (U) Extension service and cooperatives: USDA will develop the public sector agricultural extension services while USAID will work with private companies. USDA will assist the GON to expand the number of, and improve the capabilities of, agricultural cooperatives.

### Reduce Trade and Transportation Barriers

¶19. (U) ATP will assist the GON to develop and use cost recovery mechanisms to ensure sustainable road maintenance. Critical partners include federal and state governments, the World Bank, the AfDB, and the private sector. A major focus will be to remove trade bottlenecks at the Port of Lagos and improve transportation corridor management along the Lagos-Maradi, Republic of Niger and Lagos-Cotonou, Benin roads. In 2010, USAID will explore establishing a trust fund with the World Bank and the AfDB to accelerate the implementation of their loans to the GON that will rehabilitate or construct farm-to-market feeder roads.

¶20. (U) ATP will work with the Nigeria Customs Service (NCS), and support the Economic Community of West African States (ECOWAS)

regional integration agenda, in line with efforts to implement joint border posts and single windows for trade facilitation. USAID will assist the GON to complete, disseminate, and implement new policy standards, and build capacity of the NCS to implement modern customs techniques.

¶21. (U) USAID will build the capacity of the MCI and MOF and private think tanks/universities to address trade policies, including expanding on the draft GON trade and industrial policy that provides for a better enabling environment for investors. Trade policy reform programs are coordinated with new European Commission, DfID, and USAID West Africa programs with ECOWAS.

#### IMPROVE SOUND MARKET-BASED PRINCIPLES

¶22. (U) USAID will finance the International Food Policy Research Institute (IFPRI) to help Nigeria set priorities for spending on agriculture and rural development for poverty alleviation. IFPRI will build the capacity of the MAWR to undertake agricultural policy research and support the Strategic Analysis Knowledge Support System (SAKSS) process in Nigeria. USAID will fund a CAADP secretariat to promote information exchange and CAADP implementation.

¶23. (U) The USG will build the capacity of MAWR to establish a strong monitoring and evaluation system, undertake a national agricultural census, strengthen information systems, and conduct short-term action research on agricultural policy. USDA will improve agricultural statistics and information systems and promote use of biotechnology, food safety, and other agricultural policy formulation.

#### Accelerate the Participation of the Very Poor in Economic Activities

¶24. (U) ATP will examine ways to: 1) assist the very poor to move from subsistence agriculture to more commercial links to the market; 2) improve incomes of women, who are weakly integrated into the mainstream economy; 3) identify means to reduce malnutrition in the rural poor, particularly in northern Nigeria; and 4) assist the GON to identify means for Nigerian farmers to adapt to climate change.

¶26. (U) Assist the Very Poor: USAID will form a partnership with the GON-World Bank Fadama III Program (Fadama) to reach a greater percentage of the very poor and expand efforts in MARKETS II to integrate the poor into key value chains. USAID plans to undertake activities with Fadama in Bauchi and Sokoto, which are USAID focus states for health, education, and democracy.

¶27. (U) Increase Women's Income: Under ATP, USAID will expand work that started under USAID MARKETS to reach 66,000 women and increase the number of women participating in MARKETS II. ATP will expand its focus to create more off-farm employment for landless women, and for those living on small plots of marginal lands.

¶28. (U) Reduce Malnutrition: Over 10 million rural poor are faced with malnourishment. ATP will address the root causes of hunger and malnourishment by linking rural families to Nigeria's economy and by providing the means to purchase better food. In FY 2010, the USG team will develop a nutrition program that can be implemented with anticipated FY 2011 resources.

¶29. (U) Adapt to Climate Change: ATP will build the capacity of the GON to develop adaptive measures to respond to climate change in data gathering; modeling; remote sensing and analysis; and adaptive research on cropping systems, integrated resource management, policy, and water resource management.

#### ----- CAPACITY BUILDING -----

¶30. (U) USAID will build the capacity of the GON, the private sector, and civil society to implement a scaled-up food security program. The Capacity Building Plan will strengthen skills of 50-100 individuals to support CAADP. The USG will expand its current capacity building of key GON organizations, e.g., MAWR, the

Ministries of Commerce and Industry; Transportation (MOT); and the Nigerian Customs Service. Capacity of MAWR will focus on strategic and investment planning, market development, rural road construction, and agricultural census. Assistance for the MOT will improve transportation corridor management, and port administration in Lagos.

¶31. (U) Private sector strengthening will expand to assist agro processor, small- and medium-scale farmers (particularly women), associations, cooperatives, shippers, transporters, and banks.

#### ----- MANAGEMENT PLAN -----

¶34. (U) The USAID Mission Director will provide overall management of the GHFS Initiative in Nigeria. The Director will convene quarterly meetings of a USG GHFS Working Group to share information about the overall USG, GON, and donor policy and programming. Participants will include the U.S. Embassy ECON, FAS Lagos, FCS Lagos, USAID West Africa, and the PEPFAR team. The USG GHFS Working Group will brief the Ambassador, the Consul General, Lagos, and stakeholders.

¶35. (U) Monitoring and evaluation are an integral part of GHFS Initiative. Scaling up in 2011 will be influenced by performance data and other analytical information collected from FY 2009 and FY 2010. ATP will use standard harmonized indicators with other donors under CAADP. Mission management will periodically review progress through formal Annual Performance Plan and Reports, and special reporting required for GHFS.

¶36. (U) Staffing Requirements: The new staffing level is an estimate of needs if the FY 2011 budget is increased significantly. These requirements will be reviewed in conjunction with a mission wide review of overall staffing needs.

#### Current staff

- Office Director USDH (OE funded rotation 2010)
- Deputy Director USDH
- Senior Agricultural Specialist (FSN)
- Senior Agriculture Specialist (FSN)
- Agriculture Business Specialist (FSN)
- Trade and Investment Advisor (PASA)
- EGE Office manager (FSN).

#### New Core Staffing

- Senior Agriculture Specialist (TBD)
- Agriculture CAADP Coordinator (TBD)
- Agriculture Finance Specialist (FSN)
- Rural Road Infrastructure Engineer (FSN).

#### New support staff

QNew support staff

- EGE Program assistant (FSN)
- Program officer (FSN)
- Acquisition and assistance specialist (FSN)
- Financial analyst (FSN)
- Voucher examiner (FSN).

#### ¶37. (U) Budget and Obligation Plan

Budget Allocation of \$32.75 million FY 2010 to Core Investment Areas

Core Areas	Total	GHFS
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#### Increasing Agriculture

Productivity	\$21.75 m*	\$20.25 m
Reducing Trade &		
Transportation Barriers	\$ 5.25 m**	\$ 3.0 m
Improving Sound Market-Based		
Principles	\$ 5.0 m	\$ 5.0 m
Accelerating the Participation		
Of the Very Poor	\$ 0.75 m	\$ 0.75 m

\*includes \$1.5 million Micro Enterprise earmark

\*\*Total includes \$2.25 m trade initiative funds

A budget against Foreign Assistance Framework is available as

needed.

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